

*The 2009 Annual Report for the Maryland Department of Business and Economic Development highlights our State's strategic and aggressive outreach this year to create jobs and grow and strengthen our business community.*

*Governor Martin O'Malley*

THE DEPARTMENT OF BUSINESS &  
ECONOMIC DEVELOPMENT  
ANNUAL REPORT FISCAL 2009



500 Marylanders joined senior bio executives from across the U.S. and 70 countries as the Department promoted Maryland's Bioscience community at the 2009 International BIO Convention.







Dear Friends:

I am pleased to share with you the 2009 Annual Report for the Maryland Department of Business and Economic Development, which highlights our State's strategic and aggressive outreach this year to create jobs and grow and strengthen our business community. Over the past year, we have worked together to leverage our core strengths in bioscience, information technology, education and federal facilities while helping to grow our small and family-owned businesses.

Our long-term economic development strategy, built on record investments in the talents, skills, creativity, and education of our people, have placed Maryland in a better position than most states to climb out of this national recession. We have the top-ranked public school system in the country according to *Education Week* Magazine, and one of America's most highly-skilled workforces. We are one of only seven states in the nation to maintain a AAA bond rating. Our unemployment rate has consistently remained at least 20% below the national average. And we are continuing to create and retain jobs in information technology, healthcare and science that will help to lead us more quickly from recession to recovery to prosperity.

This has been a year of great challenges, as well as great opportunities. Our future prosperity, our potential and our capacity for progress are all connected and depend on our ability to create and sustain quality jobs for our families and grow our cultural economy. The O'Malley-Brown Administration remains committed to working with our partners throughout the business community to strengthen the connections which fuel innovation and advance progress in science, security, skills and education.

Sincerely,

Martin O'Malley  
Governor



### Realigning Resources

The economic and employment climate in our country this past fiscal year ironically provided unique opportunities for the Maryland Department of Business and Economic Development to elevate and strengthen its role as a catalyst for change and prosperity. The progress we made to connect with the business and cultural communities, harness the strength of our competitive advantages and - most importantly - to create jobs, ensures Maryland will emerge more quickly and stronger from the economic downturn.

The recession required that the agency focus on four key goals in FY 2009:

- Restore business confidence
- Establish the Agency as the voice for business
- Build on Maryland's strengths to leverage federal, educational, health and cultural assets
- Connect organizations to emerging opportunities like the American Recovery and Reinvestment Act and the Minority Business Enterprise program

### Laying a Solid Foundation

To accomplish this, we built a stronger, more strategically focused agency. A comprehensive Department review identified ways to streamline service delivery, improve program performance and ensure accountability. We evaluated how to best harness Maryland's competitive advantages to create jobs and aligned agency resources along three Divisions: Business and Enterprise Development; Marketing and Communications; and Tourism, Film and the Arts.

We emphasized that Maryland remained a safe and stable place for business as the state outperformed the nation in employment and in key industry sectors. In FY 2009, we delivered this message directly to thousands of business leaders and launched an aggressive campaign to communicate with legislators our role in the economic recovery effort.

To help chart Maryland's economic future, we invited business to join us in partnership and:

- Created the **Governor's International Advisory Council** to attract foreign-owned companies and assist state businesses overseas
- Reinvigorated the **Maryland Economic Development Commission** as policy leader
- Launched **BioMaryland 2020**
- Conducted **Imagine Maryland** strategic planning for the arts

### Building Prosperity & Progress

The key to job creation is building on Maryland's core industry strengths and corporate assets: health, advanced technology, federal research and hospitality. We will form strategic partnerships and align capital investments to increase jobs in key growth sectors.

- Designate the **Federal Facilities Advisory Board** to leverage procurement and contracting
- Unveil **CyberMaryland**, an initiative to make Maryland the nation's cyber security epicenter
- Communicate employment, economic and cultural news through **interactive technologies**
- Support emerging or evolving industries: **Clean Energy, Digital Media and Green Travel**
- Introduce **Small Business Commission** in 2010 legislature
- Launch the **Maryland War of 1812 Bicentennial Commission**

On behalf of Governor Martin O'Malley and together with our partners in business, government, academia and the arts, DBED made tremendous strides in FY 2009 to lay a strong foundation for future business growth in Maryland. We look forward to continuing the momentum and invite your continued participation and feedback.

Christian S. Johansson, Secretary  
Dominick E. Murray, Deputy Secretary  
December 2009





## FISCAL OVERVIEW

*Our long-term economic development strategy, built on record investments in the talents, skills, creativity, and education of our people, have placed Maryland in a better position than most states to climb out of this national recession.*

*Governor Martin O'Malley*

Amidst the country's deepest economic recession in a century, Maryland continued to outperform the nation from an economic and employment perspective. While many states experienced wide swings and significant declines in employment, Maryland's diverse economic strengths in education, healthcare, tourism and federal research, AAA bond rating and prudent fiscal policies, provided relatively secure and safe economic conditions. Seizing the opportunities evident in challenging times, the Department of Business and Economic Development responded with resiliency, resolve and results.

### Agency Business Assistance Provided

Number of Businesses Assisted	490
• Facility Location Decisions	58
• Issues Successfully Resolved	240
• New / Retained Jobs	3,007
• Settled Grants and Loans, and Tax Credits	192
• New / Retained Jobs	879

### Totals – New / Retained Jobs

• Facility Location Decisions	3,458
• Issues Successfully Resolved	3,007
• Settled Loans and Grants	879
	<u>7,344</u>

### Economic Impact of Tourism in Maryland – 2008

Visitors	28 million
Visitor Expenditures	\$14.5 billion
Direct Employees	146,228
Employee Wages	\$4.0 billion
State & Local Taxes	\$1.8 billion

### ACCOMPLISHMENTS

- Aligned Agency Operations with Key Goals
- Reestablished Economic Development Commission
- Launched BioMaryland 2020
- Announced Governor's International Strategy
- Opened Nine Foreign Offices
- Unveiled Sports Marketing Effort: *Here to Play*
- Conducted Cyber Security Industry Research
- Commissioned Arts Survey and *Imagine Maryland*
- Redesigned Tourism Website
- Established 18th Arts & Entertainment District
- Linked ARRA Opportunities to Maryland Business
- Developed In-State Business Confidence Campaign
- Introduced Online Communication Tools *Economic Pulse* and *Maryland Spotlight*





## AGENCY MISSION & ACTIVITIES

*We are continuing to create and retain jobs in information technology, healthcare and science that will help to lead us more quickly from recession to recovery to prosperity.*

*Governor Martin O'Malley*

The Department of Business and Economic Development's mission is to create, attract and retain jobs and promote Maryland's vibrant culture and heritage.

A one-stop economic development shop, the Agency attracts new businesses, stimulates private investment, creates jobs, encourages the expansion and retention of existing companies and provides businesses in Maryland with workforce training and financial assistance. The Department promotes the state's economic assets and markets local products and services at home and abroad to spur economic development and international trade. It seeks to strengthen Maryland's outstanding quality of life and encourages economic development by investing in and promoting cultural, historical and recreational assets.

### Cultivating Connections

Targeting core industries that maximize Maryland's strengths and assets, the agency works with employers and entrepreneurs to develop connections that strengthen, expand and cultivate a sustainable economy. Services include:

- Economic analysis and business information
- Site location and expansion assistance
- Financial incentives, tax credits and training grants
- Training
- Small business consulting and technical assistance
- Foreign direct investment promotion
- Export and international product marketing
- American Recovery and Reinvestment Act assistance
- Military relocation implementation
- Arts organization and program grants
- Visitor and event marketing
- Sports events recruitment
- Heritage attraction development

## BUSINESS DEVELOPMENT

Business Development attracts new businesses to the state, cultivates important industry clusters and builds relationships with key economic drivers such as Maryland's federal facilities, universities and military installations. International representatives help firms export products to international markets and initiate or expand overseas marketing. Field staff work collaboratively with partners at all levels to provide financial, counseling and technical assistance to new and expanding businesses.

The Department promotes Maryland's strong and stable business climate and national leadership in employment and education. Outreach to site location consultants and businesses within the core industry sectors through targeted industry publications, conferences, business visits and call missions.

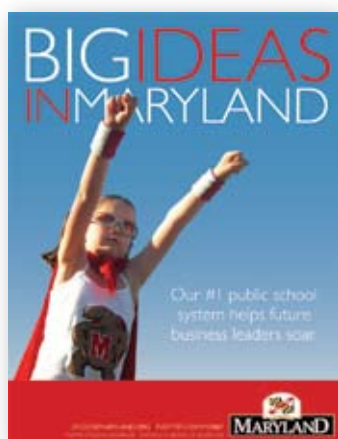
Target Industries include Aerospace & Defense, Energy & Sustainability, Financial & Professional Services, Health & Life Science, Hospitality & Recreation, Information & Technology, Manufacturing & Production and Research & Education.

### MARKETING & SALES OUTREACH

- **AFCEA: DISA Customer Partnership Conf.** Anaheim
- **AFCEA WEST 2009** San Diego
- **BIO International Convention** Atlanta
- **Black Engineer of the Year Awards** Baltimore
- **C4ISR Symposium** Atlantic City
- **CFO Rising** Orlando
- **Consultant outreach** MA, NY, IL, GA
- **CoreNet Global Summit** Orlando
- **Discover Maryland** Baltimore
- **Financial Executives Institute Summit** Texas
- **Mid-Atlantic Bio** Dulles
- **Sales Call Missions** NY, NJ, IL, CA
- **Renewable Energy & Technology Conf.** Las Vegas







Designed in house, the Big Ideas advertisement was developed in 2009 and as a viral internet campaign in cooperation with key Maryland stakeholders to promote the state's innovation and economic performance.

## Marketing & Outreach Activities

Outreach Activities	580
Trade Shows and Marketing Events	120

## Business Retention

In FY 2009, Department representatives made 747 business retention visits and provided a variety of services including:

- Denton Station –Worked with the State Highway Administration to install signage to improve traffic flow to Business Route 404, increasing visitation to local businesses.
- Lehigh Phoenix Corporation – Assisted company with obtaining Air Quality Permit in a time sensitive manner, allowing on-time delivery for \$10M of equipment.
- Green Light Manufacturing – Provided company with product development and marketing needs for their first retail endeavor.
- Miltec – Supplied a workforce training grant and assisted company with leasing additional space to expand their business.

## Training Assistance Provided

Budget Appropriations	
Partnership for Workforce Quality	\$615,000
Maryland Industrial Training Program	\$1,422,000
Number of Training Grants Approved	44
Projected Workers Trained	859
Projected Retained Jobs	2,332
Projected New Jobs	613

## BIOTECHNOLOGY

Maintaining a firm position as a global bioscience leader, Governor Martin O'Malley and the Maryland legislature created the Life Sciences Advisory Board in 2007. The 15-member board was charged with developing a strategic plan to expand Maryland's bioscience cluster. BioMaryland 2020: A Strategic Plan for the Life Sciences in Maryland was released in May 2009 at the BIO International Convention in Atlanta. The plan calls for \$1.3 billion in structured investments over 10 years and is part of an integrated vision of bio-entrepreneurial development and commercialization initiatives.



Maryland Biotechnology Center in Baltimore. The new BioMaryland logo was created in 2009 and received national recognition in the American Inhouse Design Awards competition.

A key component was the creation of the Maryland Biotechnology Center, a resource and program portal to expand and strengthen the bioscience community. Located in Gaithersburg and

Baltimore, the Centers provide workforce training and development and connect Maryland's federal and academic life sciences research centers to established enterprises and emerging entrepreneurs. The award-winning BioMaryland brand unifies industry marketing and promotion.

## Investors Line up for Maryland Biotech Tax Credits

More than a dozen investors waited in line for hours and some even camped-out overnight in Baltimore to apply for a portion of the State's coveted \$6 million Biotechnology Investment Tax Credit. The program encourages investors to provide seed and early-stage funding to qualified, privately held Maryland biotechnology companies and has already leveraged more than \$24 million in private investment since its inception in 2006.

## OpGen Relocates to Maryland for Bio Initiatives and Excellent Workforce

OpGen Technologies, a recognized leader in single molecule DNA analysis moved its base of operations from Madison, Wisconsin to establish its headquarters in a 15,000 square-foot facility in Gaithersburg. When announcing their headquarters move, OpGen officials noted that Governor O'Malley's bio initiatives played a key role in their decision to expand in Maryland. The company initially hired 15 employs and plans to increase to 100 over the next 36 months.





### BUSINESS DEVELOPMENT HIGHLIGHTS

**E-Structors**, located in Elkridge, is a unique enterprise providing both electronics and document destruction at a single location. Named "Green Technology Company of the Year," by the Howard Tech Council, they are one of the largest electronics scrap recyclers. Founded in 2003, the company moved to a new 96,000 square-foot facility in Howard County, increasing operating capacity for its 67 employees by nearly 74,000 square feet. DBED facilitated a partnership with E-Structors and the University of Maryland to obtain manufacturing and warehouse layout and design assistance.

**Cambridge Environmental Technologies (CET)**. A new division of Cambridge International (CI), the Department assisted the Frederick company with reconfiguring former business model to transition to the Waste to Energy Business. Collaborating with REM Engineering, CET manufactures equipment that can be used to create

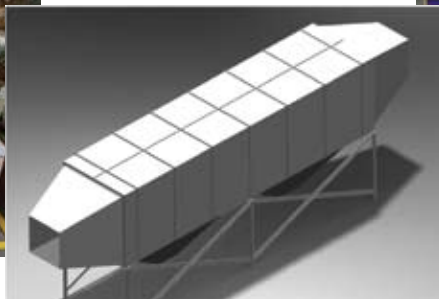
heat and electricity from poultry litter. The gasification of chicken waste helps eliminate the impact of nutrient run off into the Chesapeake Bay.

**Boxtone**. A global Mobility Management Software and Services provider headquartered in Columbia, Boxtone is ranked by Inc. Magazine as one of the fastest-growing companies in America. Since its founding in 2005, the company has grown 800%. The Boxtone platform of enterprise-grade, plug-and-play software modules is the top choice for enterprises, governmental agencies and service providers supporting mobile users on the BlackBerry and ActiveSync platforms. The State helped Boxtone expand in Howard County.

**American Dynamics Flight Systems**. ADFS relocated to Jessup from Long Island, N.Y. in 2007 to have proximity to the industry customer base and highly skilled workforce. The company develops innovative aerospace and defense systems

and technologies, with designs for airframes, lift and propulsion systems, drive systems, avionics and control systems for use in unmanned aerial vehicles. They received a \$75,000 TEDCO award to fund a vertical takeoff and lift and propulsion test for an unmanned aircraft system (UAS) at the Aberdeen Proving Ground.

**BioMarker Strategies**, located at the Johns Hopkins Science + Technology Park, received a \$75,000 grant from TEDCO's joint Maryland Technology Transfer Fund (MTTF) investment program with the Johnson & Johnson Corporate Office of Science & Technology (COSAT). The company works with the University to develop a novel automated tumor biopsy processing and testing system, SnapPath™, which tests and analyzes live tumor samples to reduce delays in patient outcomes. BioMarker is developing a series of predictive biomarker tests to help oncologist's use targeted cancer therapies.





**LeukoSight.** Located in College Park, LeukoSight received \$150,000 from TEDCO's joint MTTF investment program with the Johnson & Johnson Corporate Office of Science & Technology. LeukoSight is working with the University of Maryland College Park to develop new anti-inflammatory therapeutics to treat a variety of autoimmune and inflammatory disorders affecting 3.6 million Americans, including rheumatoid arthritis and inflammatory bowel disease.

**International Baccalaureate Organization.** A non-profit educational organization with more than 2,500 IB World Schools around the globe chose Maryland to locate its new global center for the IB Americas region. Located in Montgomery County the center will be operational by 2010. With 100+ employees managing operations and assessments for 1,500 schools in 28 countries, the center is part of IB's plan

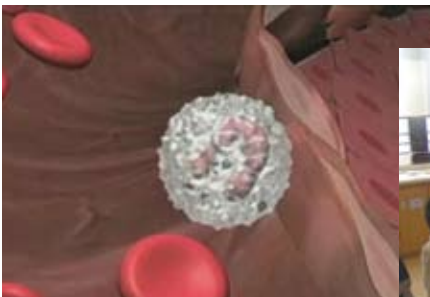
to expand capacity over the next 12 years in preparation for an estimated 2.5 million students and 10,000 IB programs worldwide in 2020.

**Environics USA.** A chemical detection technology company whose parent, Envionics is based in Finland, relocated its U.S. operations to Abingdon, Maryland in December 2008. Previously located in Port Orange, Florida, the company opened a state-of-the-art manufacturing and assembly facility and laboratory. A manufacturer of chemical sensors and detection instruments and turn-key detection networks for the civil and military defense industry, the company's eight employees will more than double to 20 over the next couple of years.

**Phillips Mushrooms.** A third generation mushroom grower from Pennsylvania expanded its agriculture business in Cecil County with the opening of a 235,000-square-foot growing facility. The largest grower of specialty mushrooms in

the United States, the Maryland location employs 70 people. Producing 170,000 pounds of white button mushrooms each week in a sterile, climate-controlled environment, the Dutch-designed facility was built from galvanized steel.

**FoodSwing,** a Pennsylvania-based food manufacturer and packager recently purchased the former Icelandic seafood plant in Cambridge. The company was issued a \$10 million private activity bond through the Department's Maryland Industrial Development Financing Authority to assist the company build out and equip its new 200,000 square-foot facility, which will house the company's packaging operation. The company expects to hire 100 new fulltime employees in the first year, with plans to grow to at least 250 employees in three years.





### ARRA – ECONOMIC HOT SHOT



The Office of Strategic Initiatives was created in April 2009 to assist businesses seeking support from the American Recovery and Reinvestment Act (ARRA). The Agency initiated a rapid fire response to match opportunities to businesses, created an ARRA hotline and website, and organized dozens of seminars and a team of specialists to work one-on-one with companies to navigate state and federal agencies distributing ARRA funds. DBED coordinated Maryland's effort to secure future funding for broadband expansion, for which over 80 companies submitted applications. The Agency guided individual businesses regarding the application and submittal process and encouraged collaboration to increase successful awards.

To connect businesses with ARRA, DBED launched two online tools: the Maryland Business Connection, a comprehensive online resource guide to access capital, conduct business with federal facilities, market products/services and recruit and train employees; and the ARRA Business Connection, to provide information on ARRA contracting opportunities, events and workshops

■ **Maryland was among the first states to establish a strategic plan for accessing ARRA funds. In April 2009 the National Endowment for the Arts awarded \$318,600 in American Recovery and Reinvestment Act Funds to Maryland State Arts Council to preserve jobs in the arts. More than 90 Maryland non-profit arts organizations applied. By July 2009 the funds had been distributed to 29 Maryland arts organizations to preserve jobs.**

#### INCREASED SUPPORT FOR SMALL & MINORITY BUSINESS

In September Maryland approved an additional \$450,000 in grants to three Revolving Loan Funds in Maryland's rural counties. The grants, made through DBED, will go to the Tri-County Council for Western Maryland, the University of Maryland Eastern Shore Rural Development Center and Maryland Capital Enterprises Inc. in Salisbury.

### INTERNATIONAL INVESTMENT & TRADE

The international office stimulates foreign direct investment in Maryland, offers export assistance to small and mid-sized Maryland companies and coordinates business missions and trade show opportunities for Maryland companies. Nine new foreign offices were established in FY 2009, increasing the state's international business development operations from four to 11. The international network includes offices in France, China, South Korea, Canada, Taiwan, Japan, Montenegro, Brazil, South Africa, Israel and India.

■ **In 2008, Maryland exported goods to 200 countries.**

■ **Exports climbed to a record high of \$11.4 billion in 2008, up 27% from 2007 and more than double the nation's 12% export growth rate.**

#### Foreign Direct Investment Activities

FDI Engagements	375
FDI Prospect Visits	40
Facility Location Decisions	10

#### Export Assistance

Export MD Grants Approved	40
Export Actions & Foreign Office Work Orders	120
Facilitation of exports to East Asia	\$47 million

### MILITARY AFFAIRS

The Office coordinates agency and state activities with military installations, leverages business opportunities, staffs the Maryland Military Installation Council and supports the BRAC Subcabinet. Working with military relocation installations, federal agencies, public-private and local government DBED:

- Identifies business and partnering opportunities related to military facilities
- Marshals resources to address concerns and challenges on installations



- Facilitates senior-level access to military and other officials
- Supports military command missions

## Base Realignment & Closure (BRAC)

In FY 2009, the Office worked to implement preparations to coordinate logistical and support services to help relocate select Department of Defense operations to Maryland by 2011. The Office participated in relocation events, job fairs, defense contractor outreach and assistance with installation officials to address employee transition with education, housing, quality of life and jobs.

### ■ BRAC = New Jobs & New Residents

Facility	Jobs	Date	Location
C4ISR	7,400	Oct. 2010	Aberdeen Proving Ground
DISA	4,200	Oct. 2010	Fort George G. Meade
Air Force District DC	3,000	Sept. 2011	Joint Base Andrews
Walter Reed Hospital	2,400	Sept. 2011	National Naval Medical Center
USAMRIID	564	Sept. 2011	Fort Detrick

## BUSINESS INVESTMENT

The Department provides financing and incentive-based solutions for economic development projects to maximize job creation, retention and capital investment for each dollar invested.

### Maryland Economic Development Assistance Fund (MEDAF)

This flexible and broad based program funds grants, loans and investments to support economic development initiatives. Uses include business attraction and retention, infrastructure support, Brownfield redevelopment, arts and entertainment districts, daycare, revolving loan funds and local strategic planning. Projects must be within Priority Funding Areas and eligible industry sectors. Awards are made on a competitive basis.

- 29 approved MEDAF transactions totaling \$9 million and 28 transactions closed totaling \$11.7 million.
- Fourteen sites were approved for Brownfields Revitalization totaling \$2.3 million.

### Economic Development Opportunities Fund (Sunny Day)

The fund supports extraordinary economic development opportunities that create and retain employment as well as create significant capital investments. Historically, the Sunny Day Fund supported significant business attraction and retention, and information technology and life science park development. Projects must create substantial employment in areas of high unemployment and are evaluated on a competitive basis.

- One Sunny Day Program conditional loan for \$4 million creating 900 new jobs was closed.

### Military Personnel and Service-Disabled Veteran No-Interest Loan Program

This program provides loans of up to \$50,000, from one to eight years, for businesses owned by military reservists, service-disabled veterans, active duty National Guard personnel and businesses that employ or are owned by such persons.

- Two loans totaling \$120,000 were approved.

## Credit Enhancements

### Maryland Industrial Development Financing Authority

MIDFA encourages private sector investments through the use of insurance, the issuance of tax-exempt and taxable revenue bonds and linked deposits. Insurance reduces the lender's credit risk. All MIDFA projects must be in a Priority Funding Area.

- Five MIDFA transactions totaling \$44 million (insured for \$3.5 million) were closed, and seven transactions totaling \$40.2 million (insured for \$4.9 million) were approved.

### Maryland Small Business Development Financing Authority

Created to promote the viability and expansion of businesses owned by economically and socially disadvantaged entrepreneurs, MSBDFA's clients include small businesses unable to obtain adequate business financing on reasonable terms through normal financing channels. A private contractor manages the four MSBDFA components and financing is provided for approved small businesses. The program includes a guaranty fund, contract financing, a surety bond program, and an equity participation investment component.

- MSBDFA approved 45 financing transactions totaling \$22.9 million. Contract Financing – 14 approved requests for \$4.0 million. Guaranty Fund – 12 approved requests for \$3.9 million. Surety Bond – 13 approved requests for \$13.8 million. Equity Participation Investment Program – six approved requests for \$1.2 million.
- During the same period, 26 transactions were settled in the form of loans, guaranties and surety bonds, totaling \$10.5 million. The allocation by program is: Ten transactions under the Contract Financing component equal to \$2.3 million; six transactions under the Guaranty Fund component for \$2.4 million; six Surety Bonds equal to \$5 million; and four EPIP transactions equal to \$865,000.

## Capital Investments

The Maryland Venture Fund administers several programs including the Challenge and Enterprise Investment Programs, to provide emerging high-technology businesses access to early-stage capital. Investment decisions are based on the project's potential return, the promotion of





economic development and the creation of jobs. MVF targets emerging technology-based businesses including biotechnology, information technology, telecommunications, software development and advanced materials.

- Challenge Investment Program – \$650,000 to ten start-up firms.
- Enterprise Investment Fund – \$2.2 million – three new firms and follow-on funding to five companies.

### Federal Incentives

#### Community Development Block Grant Program – Economic Development

This program assists local governments in implementing commercial and industrial economic development projects. Approved program funds are disbursed to eligible local jurisdictions as conditional grants and used for public improvements for business start-up or expansion or business loans. Projects must create jobs with the majority targeted to individuals from low to moderate income or eliminate blight conditions that impede commercial and industrial development. Fund uses include acquiring fixed assets, infrastructure and feasibility studies.

- CDBG-ED funds of \$2.2 million supported seven closed projects to create or retain 185 full-time jobs. Three projects worth \$1.3 million were approved, representing 129 new or retained jobs.

#### Maryland Economic Adjustment Fund

MEAF assists small businesses with upgrading manufacturing operations, developing commercial applications for technology, or entering new economic markets. Eligible businesses include manufacturers, wholesalers, service companies and skilled trades. Funds can be used for working capital, machinery and equipment, building renovations, real estate acquisition and site improvements.

- Four Maryland Economic Adjustment Fund projects totaling \$703,000 were approved and five transactions totaling \$726,500 were closed.

### Tax Credit Programs

#### One Maryland Tax Credit Program

Businesses can qualify for up to \$5.5 million in income tax credits under the program when they invest in an economic development project in a “qualified distressed county.” Qualified Distressed Counties currently include: Baltimore City, Allegany, Dorchester, Garrett, Caroline, Somerset and Worcester. The business must create at least 25 new full-time positions at the project within 24 months of the date the project is placed in service. The business must be engaged in an eligible activity and incur eligible project or start-up costs.

- FY2009 – 3 final certificates of eligibility issued for businesses that created 219 new jobs.

#### Job Creation Tax Credit

Encourages businesses to relocate to or expand in a Maryland Priority Funding Area by providing income tax credits based on new jobs created. Subject to various restrictions and conditions including location, wage levels and number of jobs created the credit may be for 2.5% up to \$1,000 per job or 5% of annual wage up to \$1,500 per job.

- FY2009 – 7 final certificates of eligibility issued for businesses that created 307 new jobs.

#### Enterprise Zone Program

Businesses located in a Maryland Enterprise Zone may receive income and real property tax credits in return for creating jobs. Local governments apply to the Department to designate Enterprise Zones. The ten-year real property tax credit reduces taxes on property improvements for ten years. The income tax credit for creating new jobs is \$1,000 per new worker; for hiring economically disadvantaged employees, up to \$6,000 per new employee (over three years).

- As of June 2009, there were 29 Enterprise Zones and two focus areas.
- FY2010
  - 753 businesses will receive property tax credits totaling \$26.3 million.
  - State share to reimburse localities will be \$13.1 million, assuming the State's full obligation is met.
  - Credits are based on real property investments totaling \$1.945 billion.





### Research and Development Tax Credit Program

Two tax credits are available to businesses for R&D expenses based on the federal definitions: Basic R&D credit is 3% of eligible expenses and the Growth R&D credit is 10% of eligible expenses that exceed average expenses over four years.

- Tax Year 2007 (latest year available)
  - 126 businesses received credits.
  - Businesses applying for credits incurred \$1.276 billion in R&D expenses.
  - Total value of credits awarded was \$6 million (\$3 million for the Basic Credit; \$3 million for the Growth Credit), as limited by the legislature.

### Biotechnology Investment Tax Credit Program

The Biotech Tax Credit provides income tax credits for investors in qualified Maryland biotech companies. The credit value is equal to 50% of the investment made in a qualified company during the taxable year. Credit cannot exceed \$250,000 per investor. Program credits are awarded on a first come, first served basis and capped at \$6 million per year.

- Calendar Year 2008
  - 170 applications received – 70 from Maryland residents; 100 from other jurisdictions.
  - 140 Initial Tax Credit Certificates issued, valued at \$7,092,802
  - Less: Total rescissions (\$522,135) and differences in amounts actually invested (\$263,553).
  - Value of Final Tax Credit Certificates awarded as of 12/31/08 = \$6,277,114.
  - Investments were made in 18 Qualified Maryland Biotechnology Companies.

### Base Realignment and Closure Revitalization and Incentive Zones

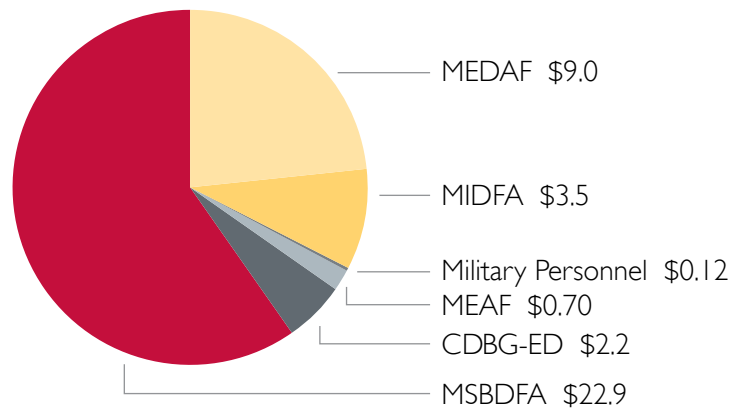
The \$5 million BRAC Zone program offers local government funding for public infrastructure projects to accommodate growth resulting from BRAC. Payments total of 100% of state property tax increment on qualified properties and 50% of the local jurisdiction's property tax increment on qualified properties.

- Seven BRAC Revitalization and Incentive Zones were designated: Andrews AFB - Branch Ave. Corridor; Frederick, Laurel, Odenton Town Center; Westport Waterfront, Aberdeen and Savage Towne Center.

Program activities highlighted in this section for FY 2009 do not necessarily represent actual expenses or encumbered funds in fiscal year 2009 (as referenced on page XX), and may also include activities encumbered in prior years and restructured transaction activity.

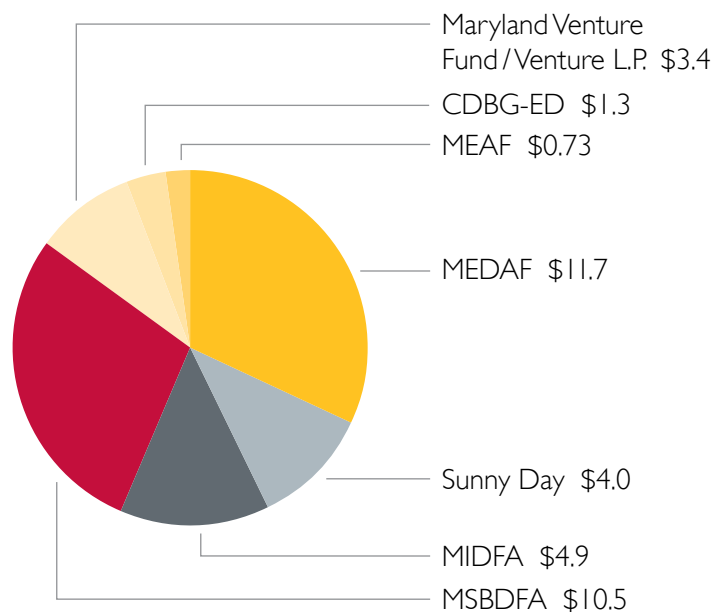
### Value of Approved Transactions – by Program

(dollars in millions)



### Value of Settled Transactions – by Program

(dollars in millions)





## TOURISM, FILM & THE ARTS

The Division integrates investment in and promotion of Maryland's quality of life assets and manages a broad-based toolkit to attract, create and retain jobs in the tourism and creative industries. They provide technical and financial assistance and incentives to the tourism, art and film industries and collaborates on marketing and promotion.

### Maryland Office of Tourism Development

The Office showcases Maryland's recreational, historical and cultural attractions to increase visitor spending and position the state as a national and international travel destination. It promotes tourism businesses and major events and advises travel agents, tour operators, journalists and the Maryland travel industry

Maryland welcomed 28 million visitors in 2008 who spent more than \$14 billion at restaurants, accommodations, attractions and retailers. Taxes generated by visitor spending topped \$1.8 billion. Hospitality and recreation employment grew in 2008 as the state's eighth largest private sector industry employed more than 146,000 people and accounted for \$4 billion in salaries. Nearly 1.5 million unique visitors experienced [www.visitmaryland.org](http://www.visitmaryland.org) in FY 2009, a 26.3% increase over FY 2008. Public relations activities generated more than \$6.5 million in advertising value, a 53% increase over FY 2008.

### Maryland State Arts Council

The Arts Council brought FY 2009 to a close with the completion of *Imagine Maryland: A Strategic Plan for the Arts 2009-2013*. The yearlong process resulted in a blueprint to expand the state's arts community through three objectives: Engage community, strengthen communication and enhance organizational effectiveness.

The Council commissioned a survey that revealed 84% of Marylanders create art and 89% attended live musical performances, live theater or dance, arts festivals or events, museums or galleries over the past year. In 2008 alone, the Maryland arts industry generated \$1.2 billion in economic impact and provided 15,000 jobs.

### STATE SUPPORTED ART & CULTURE

#### Value of Grants Awarded-by Program\*

• Grants for Arts Organizations (312)	\$9,893,218
• Community Arts Development (24)	\$2,250,250
• Arts in Education (477 schools)	\$669,617
• Individual Artist Awards (106 artists)	\$251,000
• Maryland Traditions (12; 18 artists)	\$127,964
• Arts and Entertainment Districts (15)	\$19,386
• Capital Region Touring Grants (12)	\$26,413
• ARRA Arts Employment Stabilization (29)	\$318,600
<b>Total</b>	<b>\$13,556,448</b>

\* Numbers provided are for organizations unless otherwise noted

### Maryland Office of Sports Marketing

Formed in August 2008 as a joint venture between DBED and the Maryland Stadium Authority, the Office attracts, promotes and develops regional, national and international sporting events. The state created a web site to catalog all state sports facilities to intercept a greater share of the \$182 billion industry.

In May 2009, Secretary Johansson and baseball great Cal Ripken, Jr, in conjunction with Team Maryland, a private and public sector group interested in sports marketing, launched the Maryland sports web site. In FY 2009, the office helped secure the Chelsea v A.C. Milan World Football Challenge, the 2011, 2014 and 2016 Army/Navy games and the 2010 and 2011 NCAA Men's Lacrosse National Championship.



## TOURISM, FILM & THE ARTS HIGHLIGHTS

### Bicentennial of the War of 1812.

Preparing for the influx of international and national visitors for the 200th anniversary of the Star-Spangled Banner and the War of 1812, Maryland launched program and capital improvement planning in 2009. While the commemoration begins in two years, preparations for promotional and marketing activities began with the development of a new standard Maryland license plate and a statewide trail marker system. Available June 2010, the plates will direct traffic to [www.starspangled200.org](http://www.starspangled200.org), the portal to information on bicentennial activities.

### Imagine Maryland

The Maryland State Arts Council launched *Imagine Maryland* to create a dynamic plan to guide the agency's mission to encourage and invest in the advancement of the arts.

Completed in April 2009, preparation of the plan involved:

- Comprehensive five-year internal data review
- Two dozen discovery interviews with prominent state leaders
- Six regional town hall meetings
- Fourteen issue forums on the arts, education, economic development and new media
- An inaugural statewide telephone survey on the value and role of the arts
- Internet questionnaire completed by 2,000 citizens

### National Harbor

The 300-acre, mixed-used development opened April 2008 with the Gaylord National Resort and Convention Center,

the first of five planned hotels. At completion, the project will include thousands of residences and offices, shops, restaurants, a marina, public art and more. In FY 2009, tourism sales tax receipts increased 16.6% in Prince George's County primarily due to this premiere destination. National Harbor will eventually feature more than seven million square feet including:

- 1,000,000 SF retail, dining and entertainment
- 4,000 hotel rooms
- 2,500 residences
- 500,000 SF of class A office space
- 3 piers and 64 slip marina





## FY 2009 APPROPRIATION\*

*Our future prosperity, our potential and our capacity for progress are all connected and depend on our ability to create and sustain quality jobs for our families and grow our cultural economy.*

*Governor Martin O'Malley*

### Office of the Secretary

Secretary	1,497,286
Administration & Technology	5,224,619
International Investment & Trade	2,161,989
Military & Federal Affairs	1,178,325
Maryland Biotechnology Center	3,018,971
Attorney General	1,237,056
Business Relations	1,078,110
Policy & Research	1,176,630
<b>Total</b>	<b>16,572,986</b>

### Business Development 6,424,388

### Regional Development; Small Business; Financing Programs; Workforce Development

Assistant Secretary	8,450,057
<b>Financing Programs:</b>	
Biotechnology Investment Tax Credit	6,000,000
Rural Broadband Assistance	7,234,739
MD Industrial Development Financing Authority	2,500,000
MD Small Business Development Financing Authority	
Operating Costs	1,368,266
Loans / Guarantees	12,849,602
MD Industrial Training Program	1,421,766
MD Economic Development Assistance Fund	8,768,211
Partnership for Workforce Quality	615,364
Enterprise Investment Fund	1,305,523
Military Reservist Loan Fund	50,000
Economic Adjustment Fund	703,000
<b>Total</b>	<b>51,266,528</b>



### Tourism, Film and the Arts

Assistant Secretary	679,568
Office of Sports Marketing	150,000
Tourism Development	4,912,358
Tourism Board	5,450,000
Film Office	325,196
Arts Council	15,459,563
Film Production Rebate Program	2,500,000
<b>Total</b>	<b><u>29,476,685</u></b>
<b>Total</b>	<b>103,740,587</b>

### Small Business Reserve (SBR) Program Indicators

• Total Procurement Payments	\$7,576,097
• Total SBR Payments	\$1,138,840
• Percent of Total	14.59%

### Minority Business Enterprise (MBE) Indicators

• Total Procurement Awards	\$7,217,328
• Total MBE Awards	\$4,240,411
• Percent of Total	58.75%

\* Financial overview provided is aligned with the Agency organization chart shown on the following page for FY 2009; effective July 1, 2009, the Department organization was modified. The current organization chart is reflected on the following page as well.



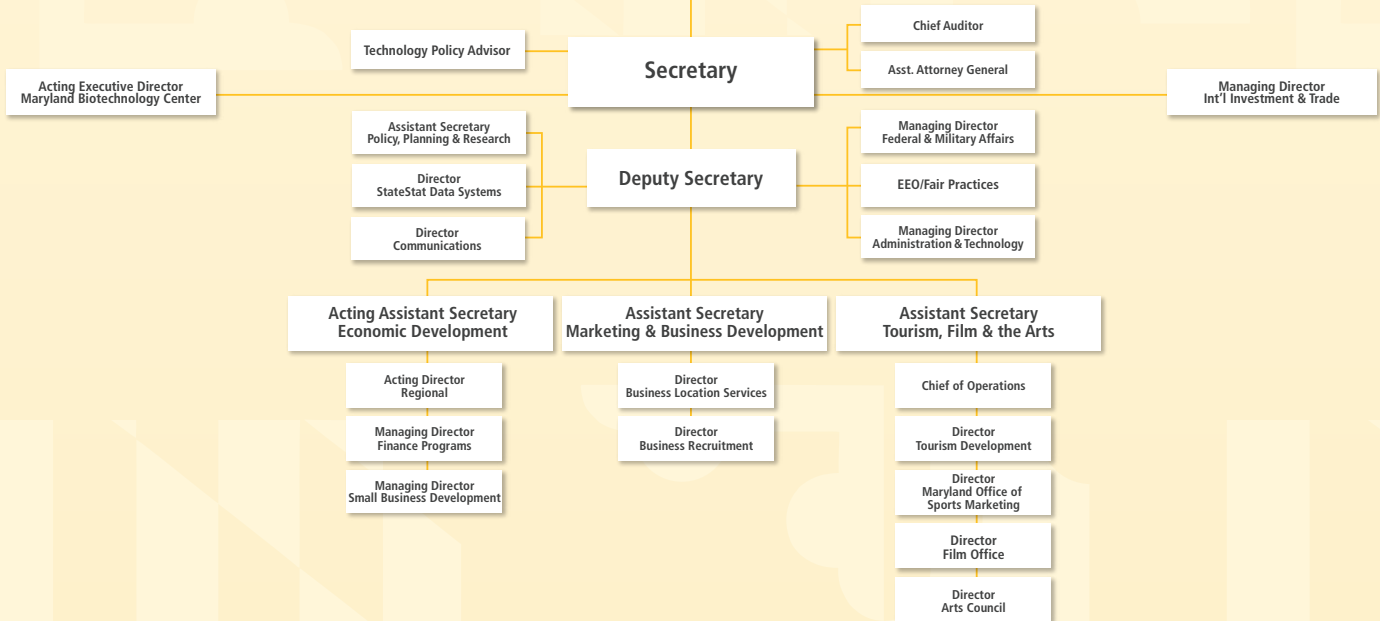




## Department of Business & Economic Development

Martin O'Malley, Governor | Anthony G. Brown, Lt. Governor

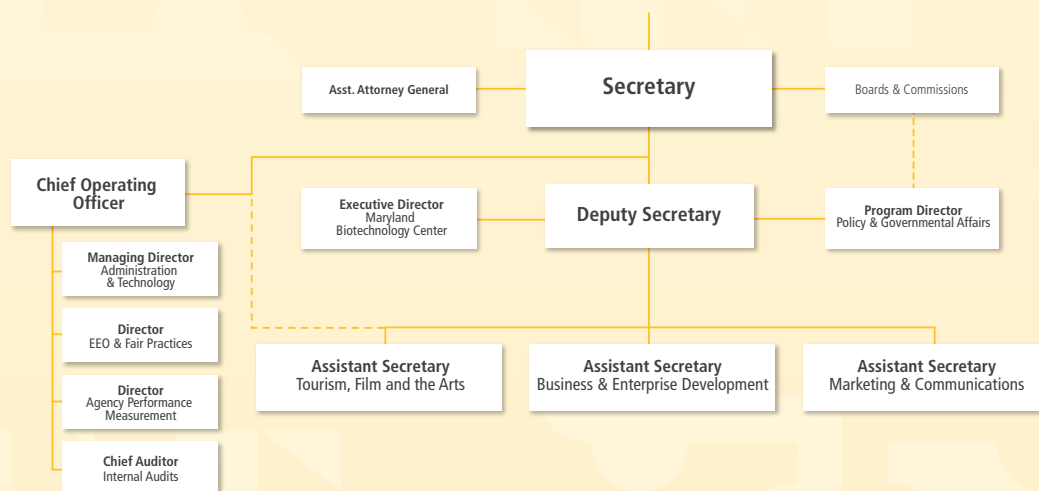
FY 2009



## Department of Business & Economic Development

Martin O'Malley, Governor | Anthony G. Brown, Lt. Governor

FY 2010





Havre de Grace, Arts by the Bay, became Maryland's 17th Arts and Entertainment District in July 2008. The popular waterfront city is a designated Maryland Main Street and certified Historic District.





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MARTIN O'MALLEY, GOVERNOR  
ANTHONY G. BROWN, LT. GOVERNOR